



THE BEACON

VIRGINIA ELECTS REPUBLICANS



Governor Elect Bob McDonnell

A Republican is returning to the Governor's Mansion in Richmond. Bob McDonnell easily defeated Democrat Creigh Deeds with 59% of the total vote, compared to 41% for Deeds. Deeds did carry his Na-

tive Bath County with a total of 1159 votes to 666 votes for McDonnell. McDonnell was Virginia Attorney General until February 2009. This is not the first time that Deeds and McDonnell faced-off in an election. In 2005, McDonnell ran for Attorney General. The first result showed him with a victory of 323 votes, out of over 1.9 million votes cast, over his oppo-

nent, Democratic state Senator Creigh Deeds. Deeds filed for a recount, which began on December 20, 2005. After preliminary figures revealed 37 more votes for McDonnell and that Deeds would not make up the difference, he conceded the next day, giving McDonnell a 323 vote margin of victory. In other election results, Republican Lt. Governor Bill Bolling was re-elected by defeating former state finance secretary Jody Wagner. Republican State Senator Ken Cuccinelli defeated Democratic Delegate Steve Shannon for Attorney General. In the Alleghany Highlands, Deeds received the most votes, 3,076, compared to McDonnell with 2,017. Judging from these results, it is going to be a long four years for the working man.

SPECIAL POINTS OF INTEREST:

- Remember, we are now under the new attendance policy.
- The attendance policy has been modified by the Company from the original contractual agreement.
- Open 2010 benefit enrollment is October 26 — November 13, 2009.
- If you do not sign-up, only the employee will be covered under any medical insurance .
- Enjoy the cost cutter brand health insurance that we are stuck with now.

THE ECONOMIC IMPACT OF THE FRANKLIN IP MILL CLOSURE

Editor's Note: Diana McFarland of The Smithfield Times contributed this story.

Closing International Paper is expected to cost Isle of Wight County about \$4.8 million* in tax revenue, according to the commissioner of revenue. That represents about half of the personal property tax collected in Isle of Wight — from \$.8 million to \$.43 mil-

lion. The company also pays about \$500,000 in real estate taxes. To make up the budget gap, the county would have to raise its real estate tax rate by 10-cents — from \$.52 to \$.62 per \$100 in assessed value, said Gerald Gwaltney, Isle of Wight County commissioner of revenue.

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IS IT POSSIBLE WHAT HAPPENED TO THE IP MILL IN FRANKLIN, VA TAKE PLACE HERE AT HOME?



There are no guarantees in life but death and taxes, and in that old saying, MeadWestvaco is not mentioned. Why did the mill go down in Franklin, VA? Production capacity is the reason. Not safety or mill profitability,

but the sheer greed of the IP Corporation. To make matters worse, IP stock rose sharply after it announced the closing of the North American Mills. Many pointed to International Paper's Tres Lagoas paper mill, which opened this year in Brazil. Some also mentioned International Paper's recent announcement of solid third quarter earnings as being contradictory to what's happening in Franklin. This plague of shipping jobs overseas has been spreading across this country of ours like the Great Plague of London in 1665.

MeadWestvaco is a business, not a charity. Recently, MWV (MeadWestvaco) has been investing money in a paper mill in China. Some of the Companies most knowledgeable people have been spending time there assisting starting-up this paper machine. Is this a sudden call to arms? No. However, there are a few other events that have been happening around the Company. In the past 3-5 years, MWV has been investing in buying packaging plants, both paper and plastic, around the world while tightening-up the belt at our mill. Is MeadWestvaco moving towards the packaging end of the business and away from the papermaking sector? Is this gobbling-up of packaging plants a way for MeadWestvaco to diversify itself? In another event similar to the movie "Invasion of the Body Snatchers", Covington Mill management and supervision have been replaced with former IP employees, who choose not to live in our area to prevent any personal attachments, at a record pace.

Are these people bad? No, but they have a job to do,

and business is business, nothing personal. It can be considered that these "management replacements" are here for one of two things, maybe both, to either make this mill more profitable, or to run it into the ground and ditch it.

Any action(s) by a person or organization can have many interpretations like the Bible. Only the hierarchies in MWV know what is in store not only for this mill, but the Company as a whole. We, the hourly and salary workforce at the mill, have no control over this. We cannot worry about what we have little or no control over. The best course of action that we can take is to do our jobs the safest and most efficient way that we can, and always keep our integrity. Can what happened to the IP Mill in Franklin, VA happen here? The answer is simply - yes.

CONGRESS EXTENDS JOBLESS BENEFITS



With unemployment expected to stay high at least through the first part of 2010, the Democratic-run Congress again extended jobless benefits. Democratic President Barack Obama signed the legislation on Nov. 6.

Senate Republicans delayed the benefits extension for a month by trying to attach unrelated proposals to it. In the end, they failed, and the bill passed 98-0 in the Senate and with only a handful of GOP foes in the House. The vote there was 403-12.

The extension gives jobless workers, including those whose benefits have run out, 14 more weeks-20 more weeks of federally funded jobless benefits, depending on jobless rates in individual states. It means long-term jobless workers could get combined state and federal benefits totaling up to 99 weeks.

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“Isle of Wight has benefited from the luxury of that paper mill, and it’s one of the main reasons why we’ve been able to keep the real estate taxes low, said Carrsville Supervisor Phillip Bradshaw.

“That will have to be looked at.”

Bradshaw said that in addition to personal property and real estate taxes, there would also be losses in sales, payroll and meals taxes.

“It’s a huge ripple effect,” he said.

In addition to International Paper, there were several businesses in Isle of Wight County whose main business was with the mill, such as ATC Panels and Franklin Equipment.

All that’s left of ATC Panels is five employees, and Franklin Equipment filed for bankruptcy earlier this year.

Franklin Equipment paid about \$66,000 in machinery and tools, equipment and personal property taxes, according to Gwaltney. The company also paid about \$21,000 in real estate taxes.

Kevin Wright and his family own Franklin Transportation Company. About 90 percent of the company’s business comes from IP.

“This is the biggest blow we’ve had since we’ve been in business . . . it’s heartbreaking, no doubt,” he said.

But Wright remains optimistic.

“When one door closes, another one has opened up for us over the years and we’ve been really blessed that way, but this will be the biggest challenge yet,” he said.

“We’ll definitely have to reinvent ourselves here.”

Lisa Perry, Isle of Wight County director of economic development, asked state officials to figure out the regional impact of closing IP.

The Virginia Economic Development Partnership issued its report Friday.

Closing International Paper, along with the loss of 1,100 jobs, would result in the loss of 2,400 other jobs in the region.

Those additional jobs could also include employees working at businesses not directly tied to IP, but are dependent on its presence, such as Joe’s Pizza and Pasta Palace, which has 12 employees.

Other areas affected could include automotive repair and maintenance, logging, real estate and medical services, according to the VEDP report.

“It’s going to be a significant impact on them,” Bradshaw said, adding that the first round of layoffs begin in November.

The mill is scheduled to close in the spring of 2010.

The hardest hit areas include Isle of Wight and Southampton counties, the city of Franklin, as well as Surry and Sussex counties and the city of Suffolk, according to the VEDP report.

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there”*

Currently, Isle of Wight has an unemployment rate of 6.5 percent, while Franklin was at 11.6 percent in July, according to the U.S. Bureau of Labor Statistics.

The VEDP report also estimated that the closure would result in a loss of \$19.2 million in state tax revenue; \$13.5 million in local tax revenue; \$11.5 million in property taxes; and \$20 million in sales tax.

Since the impact won’t be felt until 2011, however, county officials are focusing on the people affected by the closure.

Of the 1,100 to be laid off, many live in Isle of Wight County.

“This mill has a lot of husband and wife teams that work there,” said Bradshaw,

who had worked at IP for 28 years.

Bradshaw said he’s been meeting with families affected by the closure, as well as involving state officials.

Last week, Gov. Timothy M. Kaine’s office announced that an economic crisis strike force would be sent to Franklin to work with the mill employees.

“It’s going to take a long time to deal with,” Bradshaw said.

The Supervisors called a special closed meeting yesterday at Joe’s Pizza and Pasta Palace to discuss the investment of public funds and contracts for competitive bidding in connection with IP’s closure.

Most were surprised about the closure announcement, with many thinking that, despite changes in the paper market, there were still five to ten years before the mill would close.

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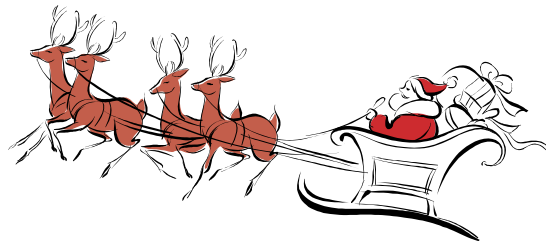
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WE ARE ON THE WEB!
WWW.USW8675COVINGTON.COM



The Annual USW Angel Tree will be at the Hall soon! Last year, many children, including our animal children, were given gifts because of your generosity. More information will be available and be available in the upcoming issues of The Beacon and on the website.



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“We’ve all talked that the mill wouldn’t be there forever. We need to be prepared,” Bradshaw said, adding that’s one reason the county has aggressively pursued the intermodal park.

The county has also been working with Franklin and Southampton County to develop that area, he said. Isle of Wight County and the city of Franklin have a revenue sharing agreement concerning International Paper because the mill is located in the county. Of the \$5.7 million that Isle of Wight County receives in personal property taxes from IP, about \$1.4 million goes to Franklin as part of the revenue sharing agreement. The agreement was originally devised to stave off the threat of annexation from Franklin.

Isle of Wight provides up to five years of tax relief for new businesses coming into the intermodal park, according to Lisa Perry, director of economic development. It’s a good, established policy and it’s competitive with other nearby communities, she said.

Due to the closure of International Paper, Isle of Wight will likely target new businesses that will fit the Route 58 corridor, and the state had indicated its on board with that plan, Perry said.

“It’s an aggressive program and it works great.”

The Isle of Wight County Industrial Development Authority adopted a set of business incentives in 2000 that includes tax incentives based on the following criteria:

- Businesses engaged in agriculture, forestry, fishing, construction, manufacturing transportation, communications, electric, gas, sanitary services and wholesale trade will exceed the amount of incentive funds no more than 36 months on the date the business commences;
- For every dollar in incentive funding, the business will spend \$20 or more in new capital investment such as real estate, building, machinery and tools, etc.;
- For every \$1,000 in incentive funds will yield at least one new full-time equivalent employment opportunity;
- Businesses such as product assembly and testing, engineering, research and management services, production machinery and equipment and wholesale packaging and distribution will return tax revenues in excess of the incentive funds no later than 60 months from when business begins;
- Other incentives are provided based on wages and capital investments.